

Mobile Phone User James A. Worthey
“Petition to Deny” the Takeover of T-Mobile by AT&T
No company, no lawyer. “Ex Parte” Petition Not Sent to AT&T.

Not long ago, telephone communications was considered to be a “natural monopoly.” The original American Telephone and Telegraph made that argument and operated as a monopoly from about 1907 to 1982, 75 years. In Europe, telephone companies were government monopolies. I was born in 1944, so I lived through about 30 years of the Bell monopoly, from the time that I was big enough to hold a heavy Western Electric handset to my ear.

The story is often told in terms of the legal milestones, the 1968 Carterfone decision, and the 1982 settlement of the 1974 antitrust lawsuit. The staff of the FCC will know that there was a long road to real competition after 1982. I think particularly of all the rules around Incumbent Local Exchange Carriers and Competitive Local Exchange Carriers, not to mention competitive “dial 1” long distance carriers and 10-10 dial-around long distance, and so forth. It's a complicated system, but it works. Phone companies compete on a simple basis that keeps prices in check and allows new CLECs to horn in.

The government should be proud of its role in creating our modern system, in which land-line and wireless carriers compete but function as a single network. The government should be proud, but technology plays a big role also. The development of fiber optics in the 1970s and since gave us a dramatic drop in the cost of moving information around. That is key to other developments, including cell phones. Digital electronics is also important.

We now have every kind of choice in regard to telecom. My message is simple: **We should not take it for granted.** Government played a part, as did many scientists and engineers. Many investors lost money investing in fiber optic networks and hardware vendors. Our legacy from all this effort is choice for the individual consumer. Consumer choice should be expanded; costs should be brought even lower. One or two monopolistic companies should not take us back to the Bell monopoly and take away the freedom that was gained through the contributions of many.

My Household. In my household, we use a CLEC, namely RCN. For cellular, I have T-Mobile and in fact my son uses AT&T mobile. We are low-usage prepaid cell users, a group threatened by this takeover.

Prepaid. T-Mobile and others have noticed the unique charm of prepaid service: there is no credit risk. For the consumer, it is Pay As You Go, or PAYGO. In a month when you are not chatty, the cost goes down. When you make more calls, the cost is proportionate and there is no penalty for excess minutes. T-Mobile has made its service attractive to the PAYGO customer with a “Gold Rewards” system, charging as little as a dime per minute. More recently T-Mobile has expanded prepaid options for active users, with plans at fixed prices of \$30 to \$70 per month.

Prepaid service has a strong and logical appeal:

- There's no commitment. There's no contract to break if the service is disappointing; if you move; if you want to talk less; or if you just want a change.
- Lack of contract means no Early Termination Fee.
- No hidden charges. You pay up front, then you get the expected minutes, text messages, and megabytes of data. You may pay sales tax on the “refill charge,” but most prepaid users feel that the system is transparent.
- The prices for handsets are coming down. Contract users may feel that a “free phone” is a good deal, but

prepaid users like the choice and freedom when they pay up front for the telephone. A monopolistic carrier will want to limit freedom.

T-Mobile has been a pioneer of prepaid plans. Other carriers are also in the business directly and through MVNOs. Prepaid plans will continue to evolve. But the scrappy underdogs, T-Mobile and Sprint, have been the prepaid leaders. Prepaid service is important for users with poor credit and for many others. Prepaid users love freedom, which would be diminished in the takeover of T-Mobile.

GSM, Foreign Travel, Handset Shopping. In the US, two cell-phone technologies are in wide use, [CDMA](#) and [GSM](#). T-Mobile USA is a GSM carrier. In fact, among the national carriers, Verizon and Sprint use CDMA, while AT&T and T-Mobile use GSM. The takeover of T-Mobile by AT&T would reduce the number of major GSM carriers from 2 to 1.

GSM is widely used internationally, and is the standard across Europe. A phone bought in Germany is technically capable of being used in France or Austria, for example. A German can visit France and his carrier will have a roaming agreement with a French carrier, and there you go, he can use his phone.

Because GSM phones normally have a removable SIM, the German has another option, to use a French carrier, and buy some prepaid minutes from that company. SIM means Subscriber Identity Module, a tiny smart card. The German will buy a SIM for the French carrier, and put it in place of his normal German SIM, giving him a French phone number during his visit.

He will have other freedoms, for example to move his SIM from one phone to another, according to whim or when he gets a new phone. If the German carrier subsidized his phone, it may be [locked to the one carrier](#), but after some delay they may give him an unlock code.

Another issue is that European phones use 900 MHz and 1800 MHz bands for voice, while USA carriers use 850 MHz and 1900 MHz. However, in the USA quad band phones are available for use as “world phones.” As new technologies come into use, new incompatibilities arise. But a quad band GSM phone can at least be used for voice calls in most of the [212 countries and territories](#) with GSM service. A chatty but frugal American will make sure that her phone is unlocked, and buy new SIMs in the countries that she visits. Travel issues are discussed [on the FCC web site](#).

Coming back to the issue of the proposed merger, T-Mobile has a liberal and [clearly stated policy](#) for unlocking a customer’s phone after a waiting period. AT&T is reputedly less helpful. Also, with 2 competing GSM carriers, if you believe your phone is unlocked, you can test it by borrowing a friend’s SIM for the other network.

Apart from travel, there is a bit more of a free market for GSM phones, because they are used around the world. Try doing a web search on **unlocked gsm phones**, to see the possibilities. **Considering the issues of travel and of shopping for phones, having two GSM carriers adds greatly to the overall freedom of USA cell phone users.**

Wi-Fi as an alternate routing for calls. T-Mobile users are aware of another kind of freedom and competition that does not get much press. Wi-Fi of course is IEEE 802.11, the standard that brings internet to our laptops. Wi-Fi is a world standard so that if a user finds a free hotspot, or pays the fee in some sort of internet cafe, then she can get on the internet and use the web, *or make voice calls*.

It is popular to do internet calling through a service such as Skype. That is very well, and AT&T is out of the picture there, unless they operate the hotspot. But there is another option. Many smartphones have a Wi-Fi radio that can be used for web browsing in the user's home or elsewhere. For some of those phones, T-Mobile allows the phone to originate voice calls over Wi-Fi which are then connected to the regular T-Mobile network. The

customer pays the normal pennies-per-minute for the call. If the regular cell signal is weak, Wi-Fi may give a better connection. T-Mobile must provide the web-to-phone connection someplace, but saves some congestion on a cell tower. Or, they have a happy customer in a locale with poor cell coverage.

There is a tremendous benefit if the customer travels internationally. If a traveler can be sure that she is calling over Wi-Fi and not “roaming,” then she can dial normal calls to the USA at domestic rates. The call may cross an ocean on the public internet, but then it jumps to the T-Mobile network and becomes a normal phone call. The Wi-Fi feature is sometimes called UMA, meaning Unlicensed Mobile Access. Many customers might not need it, but it can be a boon to itinerant smartphone users.

T-Mobile promoted a more complicated scheme of internet calls in the past which is not really marketed now. But the use of Wi-Fi for getting on the network is still available to many smartphone users. As telecom options evolve, UMA could be important for conserving bandwidth and saving customers money. A monopolistic company might not “mess around” with this technology, but it can bring big benefits to customers.

Other petitioners use different words, but I am in agreement with nearly all of them. I can say that T-Mobile customer service has been good, but I can't speak to the level of service by AT&T. Many say it is not good. Reducing competition will not improve freedom, customer service, or anything.

This proposed takeover should be flatly rejected. The FCC should bolster competition, perhaps by looking at the issue of backhaul costs for the underdog carriers.

James Worthey